GOVERNMEN[illegible]TRUCTURING

	Pg.		Agency	Statutory Amendment	Constitutional Amendment	Short-Term 2011 Session	Long-Term	General Fund Option 1	General Fund Option 2	General Fund Option 3	General Fund Costs	Analyst Due Date
Pending			Martin Luther King, Jr. Commission and Office of African American Affairs	Yes	No	Yes		196.0	234.8	128.9	3.0	7/9/2010
			Consider option to move to Dept of Cultural Affairs									
Pending		*	Merge Homeland Security and Department of Public Safety	Yes	No	Yes		1,216.0				7/9/2010
Pending		*	Merge Health Policy Commission into DOH	Yes	No	Yes		none				7/9/2010
Adopted			Merge Gaming and Racing Commissions	Yes	No	Yes		1,586.4				7/9/2010
Adopted			Move youth mentoring from Department Finance and Administration to Children, Youth and Families Department	No	No	Yes		none				7/9/2010
Adopted			Merge Organic Commission to Department of Agriculture at NMSU	Yes	No	Yes		none				7/9/2010
Adopted			Juvenile Public Safety Advisory Board-duties to CYFD	Yes	No	Yes		none	24.9			7/9/2010
Adopted			Intertribal Ceremonial - duties to another agency					88.1				7/9/2010
Deleted			~~Civil Legal Services program at DFA~~	~~No~~	~~No~~	~~Yes~~		~~2,044.4~~	~~2,044.4~~			~~7/9/2010~~
Deleted			~~Move Drinking water Revolving Loan Fund from NMFA to NMED or New Agency~~									~~8/6/2010~~
IAC			Indian Affairs Department Reorg - consider ideas from Interim Indian Affairs Committee									Pending
New - IOC			Consolidate investment management and accounting functions of SIC, ERB and PERA-consider recommendations of Interim Investments Oversight Committee									Pending
Health Care			Move all Medicaid ~~waiver~~ programs to Human Services Department (DOH & ALTSD) - look at other states (Kansas, Colorado or Arkansas)	Yes	No	Possibly		900.0	900.0	1,500.0		8/6/2010
Health Care			Merge Aging and Long-Term Services into HSD *	Yes	No	Possibly						8/6/2010
			---consider option of moving certain functions to CYFD									
Health Care			Establish a Health Care Authority Department - Public School Insurance Authority/Risk Management Division risk programs/Retiree Health Care Authority/GSD state emp benefits/APS group benefits/Medicaid Programs	Yes	No	Possibly		-	25,000.0		unknown - but will likely have costs	8/6/2010
Education			PED/HED *	Yes	Yes	Joint Resol.	Yes	500.0				
			---Establish a Education Finance component at DFA									
A	1		Move E-911 to Department of Information Technology	Yes	No	Yes						8/6/2010
B	7		Establish a Central Office for administrative functions (purchasing, budget, personnel, accounting etc.) to serve small agencies	Yes	No	Possibly		TBD			415.7	8/6/2010
C	13	*	Establish a Department of Commerce - Econ Devel., WSD, Tourism, RLD, Workers Comp, Border Authority, Space Port and State Fair	Yes	No	Possibly		2,880.8	1,706.4	535.7		8/6/2010
			---Determine agency for co-op advertising									
			---Impact of Interim Committees and reorg.-especially given the Space Port and Border Authority ability to issue bonds									
			---Border Authority/Office of Mexican Affairs/International Trade- can certain functions be eliminated?									
D	28	*	Establish an Energy and Environment Dept: Energy, Minerals and Natural Resources Department, Environment Department, Nat Res. Trustee and Game and fish	Yes	No	Yes		704.9				8/6/2010

GOVERNMENT RESTRUCTURING

	Pg.		Agency	Statutory Amendment	Constitutional Amendment	Short-Term 2011 Session	Long-Term	General Fund Option 1	General Fund Option 2	General Fund Option 3	General Fund Costs	Analyst Due Date
E	32		General Services Department - Reorg	Yes	No	Possibly						8/6/2010
			---Move purchasing and contracting functions to DFA									
			---Move group health benefits & risk management to a new Health Care Authority Dept.									
			---Privatize State Printing Bureau or transfer to another agency					**TBD**				
			---Privatize motor pool & send aviation to another agency with aircraft									
			---Move Maintenance Services to another agency w/similar operation or privatize									
F	36		Close Magistrate Courts with low or zero caseload	Yes	No	Yes		1,008.1				8/6/2010
			---Consider option of using probate judges as magistrates									
			---Consider option of circuit courts									
			---Consider making magistrate districts co-extensive with judicial districts									
			Public Regulation Commission - Reorganization									**9/6/2010**
			---Survey other states									
1-new			**Consider moving Monuments Division from DCA to State Parks Division - EMNRD**									**9/6/2010**
2-new			**Consider moving MTD from DPS back to TRD**									**9/6/2010**
3-new			**Restructure Capital Outlay Process**									**9/6/2010**
4-new			**Consolidate similar agency activities/functions (food programs, contract processing, advertising, home visiting, IT, human resources, purchasing etc.)**				**Long-Term**					**2011**
							TOTAL	**$9,080.3**	**$27,866.1**	**$2,164.6**		
			Boards & Commission Subcommittee									
	1		Consolidate/merge all DD boards and commissions into 1 board									
			RSTP									
	1		Revenue Restructuring									

* **Committee on Government Efficiency - Carruthers Report**

A

Core Services Category: Public Safety

Study Area: Consolidation

High Level Recommendation: Move the administration of the E-911 program from the Local Government Division, Department of Finance and Administration (DFA), to Homeland Security and designate the Department of Information Technology as technology provider to coordinate and overlay all telecommunication needs on a consolidated network in the state.

Problem Statement:

The E-911 program has successfully met its goal of providing the ability for public safety answering points (PSAPs) to respond to emergency calls from both land lines and voice calls from cell phones in most of the state. However, to enable PSAPs to respond to new technologies, such as texting, will require a whole new infrastructure to be rolled out—called Next Generation (NG) that is based on an Internet protocol (IP). The issue is whether to invest in a separate network for connecting local PSAPs to implement NG capabilities as currently mandated by E-911 statute or to coordinate all telecommunication needs on a consolidated network to reduce the investment on duplicate infrastructure. The broader goal of interoperable communication among public safety agencies has to include all entities in the public safety arena and remove the "stovepipe" communication structures.

Background and Findings:

The E-911 fund was created in Section 63-9D-8 NMSA 1978 (Enhanced 911 Act) to receive revenues generated from a monthly fee of $0.51 per land line and cell phone. Revenues total about $12 million annually. Including phone service using Voice over Internet Protocol (VoIP) and prepaid phone cards, which are not currently assessed the fee, would generate an additional $2 million according to the Department of Finance and Administration (DFA). Section 63-9(D)-8C NMSA 1978 limits use of the E-911 fund to reimbursing local governing bodies or their fiscal agents or paying commercial mobile radio service providers or telecommunication companies. According to recent LFC performance analysis, "the law does not seek to leverage existing state-owned infrastructure designed and built for public safety purposes. Moreover, the law does not recognize the State Police dispatch centers as PSAPs even though the Federal Communication Commission (FCC) does."

Aligning statute with federal guidelines regarding PSAPs would be required for a single infrastructure to serve both specific E-911 and other public safety needs because documentation suggests that diverting the E-911 funding for any other purpose other than E-911 would jeopardize federal funding for 911 programs. Federal grants received total less than $1 million, but the federal initiative to bring the nation up to NG standards may provide the opportunity for additional grants. One possible solution would be to assess local entities a "lease fee" for the central communications pipeline to serve E-911 communications. The local control of PSAPs, as well as the grants made for equipment or operational costs to local entities or on behalf of local entities, would not change under this proposal and so are not considered in the analysis. The definition of public safety should include all entities that provide emergency response services to the public.

Oversight for the E-911 program is provided by the Local Government Division (LGD) of the Department of Finance and Administration, presumably due to the local focus of the program. Administrative costs to run the E-911 program are paid from the fund; statute limits these costs to 5 percent of all money deposited annually. Current staffing includes 0.5 FTE for the program director, who also heads other special programs, 2 perm FTE (one information technology director and one business analyst) and 3 term FTE (2 IT analysts and 1 financial coordinator). Personal services and employee benefits total $487.9 thousand while other costs related to personnel total $67.2 thousand. Contractual services total $30.9 thousand, which include $5 thousand for professional services, $15.9 thousand for the fund audit, and $10 thousand for IT services.

While it is conceivable that the IT resources at DoIT would permit some reduction in IT personnel dedicated to this program and eliminate the $10,000 IT contract, most likely moving the program from the DFA would not generate substantial savings from a program standpoint. The program would still require some supervision and FTE to assess local equipment requests and coordinate operations at the local level. Other costs, such as for travel, would still be incurred and an audit for the fund performed. It could also be argued that DoIT might request additional personnel to take on the added responsibility implementing the NG E-911 network on top of its current strategic technology and telecommunications statewide initiatives.

Resources available at DoIT to leverage for NG capabilities are significant. DoIT has received a $1.8 million federal grant for statewide broadband mapping and a $38 million grant for the digital microwave used for public safety purposes, and has also applied for a $14 million public safety interoperability grant. Also, in May 2010, the FCC granted the license and a waiver "to move forward with the construction of a statewide interoperable wireless broadband network in the 700MHZ public safety broadband spectrum" to DoIT for New Mexico. The state license is a geographical license based on state boundaries and is subject to general limits that govern the license such as antenna structures, air navigation, international coordination and environmental requirements. The FCC is requiring that the networks be "deployed under a common interoperability framework in coordination with the FCC's Emergency Response Interoperability Center." In addition, the DoIT secretary is a member of the technical advisory committee for interoperability.

Thus, the potential efficiency gains and savings generated from this proposal focus on duplicative efforts of providing a stand-alone network solution for E-911 to implement NG technology versus coordinating all efforts on one telecommunication backbone that would leverage existing state resources and infrastructure. Another consideration is whether the coordinated approach would result in a faster implementation of NG capabilities for all public safety uses in the state.

Options to Consider:

Option 1: Move the programmatic part of E-911 from the LGD at DFA to Homeland Security and designate the Department of Information Technology as the provider of the technical infrastructure. A Joint Powers Agreement between the two agencies currently allowing them to work together may need to be amended to include this new mandate. Amend the E-911 statute to allow use of E-911 funds for purposes other than to reimburse local governments and private businesses so that it can contribute to a single public safety network. Amend the definition of PSAP to cover all agencies that provide emergency response service.

Option 2: Pass legislation that would require all statewide telecommunication initiatives to be coordinated on one backbone that leverages current infrastructure and minimizes duplication; amend the E-911 statute to permit its contribution to the single infrastructure. Amend statute to redefine all emergency response agencies as PSAPs.

Option 3: Expand statutory language to apply E-911 fee to VoIP and prepared phone card services as well as future technologies.

Fiscal Implications:

DoIT required LGD to approach its NG-911 initiative by implementing a pilot project to prove its technology solution works. LGD received certification for the pilot project to migrate a portion of the old statewide 911 telecommunications infrastructure in Albuquerque to an internet-enabled network infrastructure for NG-911 capabilities. The project schedule provided as part of the certification request is reproduced below.

Description		FY10	FY11	FY12	FY13
Consulting Services	911 Consulting Services	$300,000	$300,000	$100,000	TBD
Network Infrastructure and Switching Costs	Network Equipment, Switching devices	$0.00	$1,000,000+	TBD	TBD
Managed Services, IV&V Vendor	Managed services for network & IV&V Support	$0.00	TBD	TBD	TBD
TOTAL		$300,000	$1,300,000	TBD	TBD

The timeline for the pilot project includes initiation, planning, implementation and closeout phases over a two-year period, ending July 2012. Limiting the project to the central ring will allow time for the federal government to define interoperability standards and public safety. It also allow the state time to define a governance structure, decide on ownership, identify potential equipment vendors, work out regulatory issues with the telecommunication providers, and hear back on the public safety interoperable ($14 million) and digital microwave public safety ($38.7 million) grants for which DoIT applied.

According to LGD, the original estimate to build out the IP network was $6 million. Some of these costs could include private companies building towers (cost of about $300,000) rather than using existing state-owned towers, thus prompting the concern that infrastructure costs may be duplicated. A recent email from the director of the E-911 program indicates that the bureau may looking at coordinating with DoIT in the future as a way of addressing the leveraging issue:

"When the pilot completes, we will determine how to proceed... We have been working with DoIT and there is potential to leverage on the build-out. That will be determined by the technical working group and the PSAPs when we get to that point which may be 18 months to 2 yrs from now."

The amount of possible duplicative costs embedded in the $6 million estimate is unknown. Whether NG-911 capabilities could be immediately realized through the state's digital microwave network and other broadband infrastructure would require a technical analysis by DoIT.

The cost to implement the proposal, assuming no expansions were appropriated for DoIT, would relate to moving approximately 5 FTE from DFA to Homeland Security and should be minimal.

Cost to Implement, Option #1 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
	Minimal	NR	E-911

There would be no revenue impacts unless legislation updated the statute to cover fees on newer technologies, such as VoIP or prepaid phone cards. Assuming a July 1, 2011 effective date for such legislation, the maximum incremental revenue impact is included below. Some of the added revenue may be offset by lower revenues attributed to a decrease in land lines and cell phones as people migrate off these services. Potentially, E-911 revenues could decline without adding newer communication technologies as they develop.

Revenue Impacts, Option #1 or #2 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
	$2 million	Recurring	E-911

Implementation Plan:

Option 1. Section 63-9D-7, 8, and 13 NMSA 1978 and Enhanced 911 Requirements, 10.6.2 NMAC would need to changed to redefine the "division" from DFA to Homeland Security, include the state-owned public safety infrastructure in the act, define State Police dispatch centers as PSAPs (as well as other emergency responders), and allow use of the funds to contribute to a consolidated communications network. A statutory change to Section 63-9D-13 would be required to change the authorizing body from the Board of Finance to the Project Certification Committee.

The business owner for E-911 is recommended to be Homeland Security (any consolidation with the Department of Public Safety would not alter this proposal), with DoIT providing the technical infrastructure for public safety, including E-911. To prevent comingling with other funds, which could jeopardize both federal grants to E-911, the fund should be accounted for separately. This will not require the creation of a new program. Retaining knowledge of the LGD employees related to the local entities is important, although DFA resistance to the change could be anticipated. Being able to offer a change in the fee structure to increase revenue may be a negotiating point. Any change in the surcharge would require modifying Section 63-9D-5 NMSA 1978. Local PSAPs, 911 associations, and public safety officials are important stakeholders and have exhibited strong participation in E-911 efforts. Homeland Security and DoIT would be responsible for spearheading the change as well as developing the final statewide telecommunication network.

The statewide network would be under state governance. The potential exists for DoIT to lease the network (transport messaging) to the individual PSAPs, which would provide the added benefit of automatically generating funding to replace/upgrade the network. Another option is to increase the phone tax to provide the necessary funding. Any increase in the surcharge would require a statutory change to Section 63-9D-5 NMSA 1978. A final benefit of coordinating efforts would be to roll the E-911 onto the broadband initiative, which would produce a robust network with redundant capabilities, including land lines and digital microwave.

Option 2: Other changes to the Enhanced 911 Act and the New Mexico Administrative Code would be required to accommodate new technologies or to statutorily require a coordinated effort to produce a single telecommunications network to serve all state needs. The Enhanced 911 Act would need to be amended to allow the funds to contribute to a single state-owned public safety network.

Option 3: Amend the Enhanced 911 Act to apply surcharges on all technologies, including VoIP, phone cards, and future communication modes. This option can be combined with either Option 1 or Option 2.

Any legislation concerning these options should ensure that the amendments do not weaken or create holes in the immunity provided in Section 63-9D-10 NMSA 1978.

An appropriate legislative body to spearhead any option could be the Science, Technoloy and Telecommunications Committee.

Recommendation: Relocate the E-911 program from DFA to Homeland Security; assign DoIT to coordinate a consolidated technology
Opportunities: Save on duplication technology infrastructure costs

Opposition: DFA and other E-911 stakeholders may oppose the move.

	Potential Savings (in thousands of dollars)*					
	FY11			FY12		
	General Fund	**Other Funds**	**Federal Funds**	**General Fund**	**Other Funds**	**Federal Funds**
Personal Services and Employee Benefits:						
# Deleted FTE						
Benefits						
Contractual Services:						
Medical Services						
Professional Services						
Other Contractual						
Audit						
Attorney Fees						
IT Services					10	
Other:						
In-State & Out-Of-State Travel						
Board/Commission Expenses						
Transportation Costs						
Grounds and Building Maintenance						
Leasing and Property Insurance						
Furniture/Equipment						
Information Technology					TBD*	
Office Supplies						
Medical Services						
DoIT Fees						
Printing/Photo						
Postage						
Utilities						
Employee Training & Subscriptions/Dues						
Advertising						
Miscellaneous Other Expenses						
TOTAL	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$10.0**	**$0.0**

*To be determined. However, the savings could be substantial.

		Amount	**Source**
Revenue Impacts?	N		

		Amount	**Source**
Cost to Implement?	N		

Comments/Notes:

B

Core Services Category: Fiduciary Responsibility and Best Practices

Study Area: Efficiency

High Level Recommendation: Establish a central office in the Department of Finance and Administration (DFA) for administrative functions, including purchasing, budget, personnel and accounting, to serve small agencies.

Problem Statement:

New Mexico state government has a number of small agencies that continually struggle to meet the growing demands of constituents while still meeting financial, budgetary, and human resource demands. In many cases, one position will handle both programmatic and administrative/fiscal functions, which has resulted in a difficult time recruiting and retaining highly competent staff. Where the necessary skills and expertise are lacking, the Department of Finance and Administration (DFA), State Budget Division and Financial Control Division, General Services Department, State Personnel Office and other state agencies must spend an inordinate amount of time helping staff complete tasks. Other problems—such as procurement violations or late audits – can also occur due to insufficient or untrained staff. Financial Control Division also suggests that some larger agencies that consistently experience poor financial management could also benefit from a central services office.

Background and Findings:

Establishing a central office to provide financial, budgetary and human resource services would provide better accountability and cleaner audits for small agencies and provide assurance that resources are properly expended and accounted for.

The central office could perform theses financial, budgetary and human resource functions through a Joint Powers Agreement with the small agency. Agencies have various levels of fiscal/administrative expertise and the office would provide services depending on the skill level of existing staff. A central office would need to be established independently of existing staff in DFA so as not to conflict with the oversight responsibilities of the State Budget Division and Financial Control Division. Potential participants in the program include the following agencies with less than 10 FTE as the threshold size as shown in Table 1:

Table 1 – Potential Agencies Based on FTE

BusUnit	DESCRIPTION	FY11 FTE/ TOOL FTE (if different)	FTE Titles (8/1/2010 TOOL)
49100	Office of Military Base Plan	1.00	Division Director II
37900	Public Employee Labor Relation	2.00	Agency Director, Admin Asst II
52200	Youth Conservation Corps	2.00	Gen I, Bus Ops Spec A
49000	Cumbres & Toltec Scenic	2.90	No description available-not in TOOL.
47900	Board of Veterinary Medicine	3.00	Agency Director, Office & Admin Sup-A, Office Clerk Gen-O

60500	MLK, JR.	3.00	Exec Director, Secretary I, Admin Asst (vacant)
66800	Natural Resources Trustee	3.80	Exec Director, Bus Ops Spec-O, Environ Sci & Spec- A
40400	Architects' Board	4.00	Agency Director (vacant), Admin Asst I, Admin Serv Coord-O, Public Relation Spec-O
41700	Border Authority	4.00/5.00	Agency Director, Deputy Agency Director I, Exec Sec & Asst-A (vacant), Staff, Mgmt Analyst-A
56900	Organic Commodity Commission	5.00	Agency Director (vacant), Financial Coord-O, Agri Insp-A, Agri Insp-O, Public Relation Spec-O
60300	Office of African American Af	5.00	Agency Director, A/O I, Budget Analyst-A, Soc/Com Sv Coord-O, Soc/Com Sv Coord-B
20800	NM Compilation Commission	6.00	Director, Dpty Dir, Admin Asst 2, Procurement Spc, Financial Spec Sr, Financial Specialist
76000	Adult Parole Board	6.00	Agency Director, A/O II, Info/Rec Clrk, AO-O, Bus Ops Spec-B, Info/Rec Clrk AO-O, Admin Serv Coord-O
76500	Juvenile Parole Board	0.00/2.00	Consumer Spec Spuer (vacant), Sec, Ex LGL/MED/EXE-A (vacant)
46400	Engnrs and Land Surveyors Lic.	7.00/9.00	Agency Director, Info/Rec Clrk, A/O I, Bus Ops Spec-O, Complnce Officer-B, Exec Sec & Adm Asst-O, Bookpg,Actg & Audit-O, Det&Crim Invest-O, Fin Spec, AO-B
36000	Lieutenant Governor	8.00/9.00	Lt Gov, Chief of Staff, Ombudsman I, Dir of Media (vacant), Staff Asst, Sr Policy Analyst, Staff Asst, Special Projects Coord II, Scheduler
49500	Spaceport Authority	9.00/6.00	Exec Director, Line II, Gen Counsel, Dep Director (vacant), A/OII, Exec Sec & Admn Asst-A, 3 FTE authorized but not created
66900	NM Health Policy Commission	9.00	Agency Director (vacant), Line I, Staff (vacant), MGT Analyst-A (vacant), MGT Analyst-A (vacant), MGT Analyst-A (vacant), Economist-A, IT Generalist 2 (vacant), IT Database Admin 2 (vacant)

Financial Control Division also submitted a list of potential candidates to recommend inclusion in the program based on history of poor financial performance or problems with audits, regardless of the size of the agency (Table 2). Agencies that qualify under both qualifications, both small identified as having past financial issues, are highlighted.

Table 2 – Financial Control Division List of Potential Agencies

BusUnit	DESCR	FY11 FTE	Dedicated Staff for Administrative Functions?
34200	Public School Insurance Auth.	11.00	Yes
35400	NM Sentencing*		
37900	Public Employee Labor Relation	2.00	No
40400	Architects' Board	4.00	No
44600	Medical Examiners Board	14.00	Yes
44900	Board of Nursing	19.00	Yes
46400	Engnrs and Land Surveyors Lic.	7.00	Yes
46500	Gaming Control Board	63.50	Yes
46900	State Racing Commission	19.70	Yes
47900	Board of Veterinary Medicine	3.00	No
50800	NM Livestock Board	75.00	Yes
56900	Organic Commodity Commission	5.00	Yes
60100	Commission on Status of Women	12.00	Yes
60300	Office of African American Af	5.00	Yes
60400	Comm Deaf & Hard of Hearing	15.00	Yes
60500	MLK, JR.	3.00	No
60600	Cmsn for the Blind	93.50	Yes
64500	Governor's Comm. On Disability	10.00	Yes
64700	Dev. Disabilities Plng. Cncl.	15.00	Yes
66900	NM Health Policy Commission	9.00	Yes (vacant)
76000	Adult Parole Board	6.00	Yes

*FTE for this agency are employees of University of New Mexico.

The establishment of a central service office at DFA under Option 1 will cost additional resources to establish and maintain, which may or may not be fully offset by personnel reductions in the participating agencies. A final list of the agencies to be included would need to be determined (whether solely based on size or to include those larger agencies identified by Financial Control Division) and a review of any current position(s) in the agency that are solely dedicated to financial/administrative functions would need to be identified for transfer to DFA, elimination, or reclassification within the agency. Including agencies solely based on size (Table 1) offers less opportunity to defray costs by such resource reallocation than looking at those larger agencies listed in Table 2.

The primary benefits of such an office are that it would provide for greater accountability and transparency, free up program staff from performing these fiscal/administrative functions to provide additional services to constituents, and maintain some semblance of independence rather than being administratively attached to a larger agency. This option also clearly would identify the resources required to carry out these administrative functions for these agencies rather than assuming a larger agency will absorb the costs, thereby encouraging the Legislature to prioritize the agency purpose and whether to continue it or not. Proposals targeting small agencies for consolation or elimination are considered separately and not discussed in this narrative.

Option 2, administratively attaching a targeted agency to a larger one, would apply most logically to the agencies smaller than 10 FTE (Table 1). It would require identifying a policy link for each small agency to a larger agency, which is easily done in most cases. Where a policy link is indeterminable—such as for MLK, Jr,—or where the office is already administratively attached to a larger agency (Sentencing Commission is attached to UNM)—this option may require greater creativity to execute.

Unlike Option 1, this option avoids creating a new bureaucracy and requires no incremental operating or startup costs, assuming the larger agency would absorb the additional costs to provide the administrative services for agencies with less than 3 FTE. In cases of 4 FTE to 9 FTE, presumably a reallocation of some resources would allow the incremental costs to be defrayed at least to some extent. The primary benefit would be to provide some programmatic efficiencies, although the smaller agency may be less independent.

Options to Consider:

Option 1: Establish a central service office in the Department of Finance and Administration to perform fiscal and human resource services for small agencies. The agencies involved would retain all policy and statutory responsibilities and remain in their current locations. This option could apply to agencies in both tables.

Option 2: Reorganize or administratively attach small agencies to larger agencies, and require the large agency to provide or oversee the financial, budgetary and human resource needs of the small agency. This option avoids creation of a new bureaucracy and requires no incremental operating or start-up costs. This option applies most aptly to those agencies in Table 1.

Fiscal Implications:

Savings could accrue from the elimination of administrative-type positions in the participating agencies. The aggregate savings would depend on the final list of agencies chosen for the program and their current costs of related personnel. In the case of the Sentencing Commission, which is currently run through contractual services with the University of New Mexico (which currently provides the administrative services), estimated savings could accrue from a contract reduction to be determined.

It is estimated that such an office would require a minimum of 6 FTE to begin the program. Staffing would include, two Financial Coordinator-A positions, one to oversee accounting functions and audits and one to oversee contracts, a Financial Specialist, AO-A to process financial transactions including vouchers and encumbrances, one Purchasing Agent-A to provide purchasing functions and ensure compliance with the procurement code, one information technology specialist, and an HR, Train and Labor Specialist-A to provide human resource and payroll functions.

Audit costs should also be consolidated from the small agencies into this office as the financial documents and processes to be audited would be maintained centrally. The amount to be realigned from small agencies to DFA will depend on the agencies included in the program.

Estimated Savings, Option 1 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
	TBD	R	General Fund Audit Cost
	TBD	R	Reduction of UNM contractual services providing administrative services to the Sentencing Commission
	TBD	R	Elimination of ASD positions in participating agencies

Cost to Implement, Option 1 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
	405.0	R	General Fund
	10.0	N	General Fund
	TBD	R	General Fund Audit Cost

Estimated Savings, Option 2 (in thousands of dollars)

FY11	FY12	Recurring or Nonrecurring	Fund Affected
	TBD	R	General Fund Audit Cost
	TBD	R	Elimination of ASD positions in participating agencies

Implementation Plan:

Option 1 would follow a similar implementation plan as was used for Regulation and Licensing Department, which provides a template for a consolidated administrative services department. Funding for a central service office with the DFA can be accomplished within the normal appropriation process and through language contained in the General Appropriation Act. Transfer of the fiscal/administrative functions from small agencies to DFA may, in some cases, be accomplished through a Joint Powers Agreement. Some agencies and/or boards may be resistant to having their financial functions taken over by DFA and may require legislation or Executive Order to mandate their participation. Statutory changes to agency enabling legislation may also be required depending on the agencies initially included in the program.

Option 2 would require associating each targeted agency with its most related host agency. Independent agencies may resist losing authority as administratively attached entities. In addition, administratively attaching agencies has not always translated into meeting efficiency objectives.

	Potential Costs (in thousands of dollars)					
	FY11			FY12		
	General Fund	Other Funds	Federal Funds	General Fund	Other Funds	Federal Funds
Personal Services and Employee Benefits:				279.1		
# FTE				6.0		
Benefits				92.1		
Contractual Services:						
Medical Services						
Professional Services						
Other Contractual						
Audit				TBD		
Attorney Fees						
IT Services						
Other:						
In-State & Out-Of-State Travel				4.0		
Board/Commission Expenses						
Transportation Costs						
Grounds and Building Maintenance						
Leasing and Property Insurance				3.5		
Furniture/Equipment				5.0		
Information Technology				15.0		
Office Supplies				5.0		
Medical Services						
DoIT Fees				9.0		
Printing/Photo						
Postage				1.0		
Utilities						
Employee Training & Subscriptions/Dues				1.0		
Advertising						
Miscellaneous Other Expenses				1.0		
TOTAL	**$ -**	**$ -**	**$ -**	**$ 415.7**	**$ -**	**$ -**

		Amount	Source
Revenue Impacts?	N		

		Amount	Source
Cost to Implement?	Y	415.7	General Fund

Comments/Notes: **Recurring costs for the office after the first year are anticipated to be less than less than the first year to set up the office (such as equipment). Thus $10,000 is reported in the table as nonrecurring. Offsetting savings associated with deleting FTE in participating agencies would depend on the final list of agencies and associated positions that could be eliminated.**

C

Core Services Category: Business and Industry

Study Area: Consolidate Business/Commerce Agencies

High Level Recommendation: The governor's Committee on Government Efficiency, the Carruther's Report, proposed to merge the existing Economic Development Department (EDD), Tourism Department, Workforce Solutions Department (WSD), Regulation and Licensing Department (RLD), Workers Compensation Administration (WCA), Border Authority, and Spaceport Authority. However, the Legislative Taskforce has mentioned other restructuring options that have expanded the scope of the department including transferring the Division of Insurance as well as the Gaming Control Board and the State Racing Commission to RLD, transferring the New Mexico State Fair to the Tourism Department, and transferring the Intertribal Ceremonial Office to the new Commerce Department.

Further analysis identified a potential span of control issue attributable to the size of the proposed 'super' commerce department and a conflicting mandate to promote job growth, protect employees, and regulate business. A conflict of interest exists between job growth and business regulation. Transferring a number of semi-autonomous functions (insurance regulation or boards and commissions) under the direction of the executive could diminish some oversight and weaken the system of checks and balances. For example, growing the hospitality industry while at the same time regulating restaurants and lodging or growing the gaming and racing industry while regulating it.

Currently, the agencies identified have a combined budget of $130.3 million and 1,339.2 FTE.

FY11 Authorized FTE and Appropriations

	FTE	General Fund	Other State Funds	Intern Svc/Inter Agency	Federal Funds	Total
Border Authority	4	$450.4				**$450.4**
Tourism Department	81.5	$9,427.4	$4,429.3	$1,072.2	$0.0	**$14,928.9**
Economic Development Department	65	$8,133.5	$0.0	$0.0	$0.0	**$8,133.5**
Regulation and Licensing Department	298	$14,373.9	$8,899.2	$1,794.9	$107.0	**$25,175.0**
Workforce Solution Department	509.5	$5,011.7	$4,618.6	$3,663.8	$40,713.0	**$54,007.1**
Workers' Compensation Administration	130		$11,607.5			**$11,607.5**
Spaceport Authority	9	$1,174.5				**$1,174.5**
New Mexico State Fair	73					**$0.0**
Intertribal Ceremonial	0	$88.1				**$88.1**
Gaming Control Board	63.5			$5,749.0		**$5,749.0**
State Racing Commission	19.7			$2,179.4		**$2,179.4**
Division of Insurance (of the PRC)	86			$6,783.1		**$6,783.1**
Total	**1,339.2**	**$38,659.5**	**$29,554.6**	**$21,242.4**	**$40,820.0**	**$130,276.5**

* **Appropriations prior to 3.2 percent reductions**

A 'super' Commerce Department that promotes job creation and while at the same time regulates commerce could add additional layers of bureaucracy. Large organizations can, at times, add layers of bureaucracy through a combination of organizational structure, procedures, protocols, and sets of regulations to manage the activity of the organization. By definition, bureaucracy is the excessive multiplication of, and concentration of power in, administrative bureaus or administrators to dispose of a large body of work in a routine manner.

An alternative to one 'super' commerce department would be to consolidate these same agencies; however, the recommendation would be three or four separate departments designed to be smaller in size and more focused. Consolidation into smaller agencies would still result in considerable cost savings while at the same time improve client services and accountability.

The analysis below corresponds with the recommendation for several smaller agencies. If however, a super complex is desired, the cost savings associated with the smaller agency recommendation could be added up, and then an additional savings amount would be added for a few more exempt positions that could be eliminated.

Problem Statement: Any comprehensive effort to improve the productivity and accountability of state government requires an examination of the role of government and commerce, as evidenced by prior efforts to reorganize commerce and government. Eliminating and consolidating resources will improve the productivity of state government by removing duplication, leveraging resources, and streamlining functions. However, too large of an agency could add bureaucracy that undermines decision-making. In addition, a 'super' Commerce Department may be charged with roles that conflict. A 'super' Commerce Department may have competing roles such that the mission of the department include protecting employees and their rights while at the same time creating new jobs and regulating commerce.

According to research by the Legislative Council Service (LCS):

> *A 1977 reorganization included a commerce and industry department with the responsibility to ensure stability and encourage growth in New Mexico's economy. The department had a three-fold responsibility: regulation of those commercial enterprises that have a direct impact on the state's economy; promotion of the economic climate to encourage growth in the commercial and industrial sectors; and carrying out economic development planning. The department included the export marketing, economic development, financial institutions, tourism and construction industries division, with the state fair and the state racing commission administratively attached.*
>
> *The 1978changes to the department included adding the New Mexico Magazine and mobile house (now manufactured housing) divisions and subsuming tourism under economic development.*
>
> *In 1983, the commerce and industry department was split into the Regulation and Licensing Department (RLD and the Economic Development and Tourism Department.*
>
> *In 1991, the Economic Development and Tourism Department were split into two cabinet departments.*

The 2010 Legislature introduced a bill, Senate Bill 242, to reorganize certain departments, into a Commerce Department. The bill proposed to create the Commerce and Economic Development

Department by combining the existing Economic Development Department, the Tourism Department, the Regulation and Licensing Department, and the Workforce Solutions Department. The bill also proposed to administratively attach sixteen boards or commissions including; (1) apprenticeship council; (2) athletic commission; (3) border authority; (4) construction industries commission; (5) economic development and tourism commission; (6) human rights commission; (7) labor and industrial commission; (8) manufactured housing committee; (9) New Mexico-Chihuahua commission; (10) New Mexico-Sonora commission; (11) small business regulatory advisory commission, which is attached to the business services division; (12) spaceport authority; (13) state fair commission; (14) state racing commission; (15) workers' compensation administration; and (16) state workforce development board.

Background and Findings:

Economic, Tourism, and Workforce Development - Traditionally, economic development policy has focused on attracting new business through incentives and subsidies. However, newer approaches to economic development emphasize community development and an "open for business climate" which may also include the states cultural and environmental amenities.

In New Mexico, both the Tourism and Economic Development Departments work to develop policies and strategies to improve the economic well being and quality of life for the citizens of the state. Both departments support existing business, work to attract new businesses, and market and promote the state's assets; however, the Tourism Department (TD) has tended to focus on developing and protecting the leisure and hospitality industry leaving the Economic Development Department (EDD) to focus on all other sectors of state's economy.

- Essentially, the primary function for both departments is to market and promote the state by creating a "brand" for the state as a place to visit or do business.
- Until recently, both departments provided cooperative grants to local communities to promote tourism or economic development and maintained separate administrative support for this function.
- Even today, the line between these two departments is not so distinct. The Arts and Cultural District Program, administered by the Economic Development Department, works to develop community-based cultural development and art into a sustainable economic event.
- A key factor in business recruitment is the quality of the workforce. The Job Training Incentive Program (JTIP) is administered by EDD; however, the federal Workforce Investment Act (WIA) is administered by the Workforce Solutions Department through regional WIA boards. This dual system of state versus local workforce development is duplicative.
- EDD and the Tourism Department do not collect much economic data. Almost all economic research is conducted by the state's universities while labor market data is prepared by the Workforce Solutions Department. These agencies that could best use economic data do not have the capability to collect and interpret it.

Regulation, Insurance and Consumer Affairs - Several states combine all regulation functions into a Commerce and Consumer Affairs Department; however, in New Mexico the process of regulating commerce is accomplished through multiple agencies including the Public Regulation Commission (PRC), the Regulation and Licensing Department, the Secretary of State's (SOS) office, the Gaming Control Board, and the State Racing Commission. Each agency maintains an administrative function; operates a separate information technology (IT) system; and collects and processes revenue. Each agency exchanges, or verifies data with the other sister agencies and the Taxation and Revenue Department, Workforce Solutions Department, Workers' Compensation Administration, and local governments, often creating a complex web of agreements to ensure businesses are compliant with the law.

- In New Mexico, from a business perspective, it may take several office visits to several different agencies to register or obtain a business license.
- For example, general and limited liability corporations are registered at the PRC while partnerships are registered with the SOS and if the business happens to operate in a certain profession it may also have to be registered at RLD and if gaming or racing is involved, there another few steps. All these agencies perform the same basic function, collect revenue and business information and issue a certificate of some type with a need to periodically renew the certificate. Most of these agencies also issue rules or regulate the businesses they register or license.
- Currently consumers may not know where to file a complaint about a particular business because it is unclear who is responsible for investigating the complaint. A consumer would have to know if the business is a partnership, corporation, or a regulated profession. In addition, with the current decentralized consumer affairs system, consumer's complaints may fall on deaf ears or without a system to 'connect all the dots' the state may not know of a widespread problem within an industry.

Although not addressed in the Carruthers report, an additional consideration may be for the Insurance Division of the PRC to be moved to the new Commerce Department or to a completely new agency that encompasses insurance and financial institution regulation. Aside from any potential budget savings, there is a need to address structural inefficiencies that were created when the PRC was formed, most importantly the semi-autonomous Division of Insurance. However, it would take a Constitutional amendment to move the insurance regulation function from under the PRC.

The Insurance Division is supported by a portion of the revenue collected from insurance companies with the remainder of the revenue flowing to the general fund. Any efficiency gained through consolidation/restructuring could potentially lead to increased general fund distributions.

Employee Services – Several states group functions that support and protect employees such as Workers' Compensation, Unemployment Insurance, Human Rights, Apprenticeship Programs, Public Works or Prevailing Wages, and helping Veterans with Employment Services. Many of these services are supported with federal funds or by fees paid by employers. Consolidation of these programs could make it possible to supplant general fund revenues (in the Workforce Solutions Department) with federal funds and employer taxes and fees. Consolidation may also present economies of scale that relieve pressure on the taxes and fees paid by employers or diverted from employee benefits.

- Currently, the Workers Compensation Administration (WCA) and the Workforce Solutions Department (WSD) each collect taxes or fees from employers; however, each department maintains its own IT system and database of employer information. Each department has an administrative function, revenue collection system, and compliance and enforcement effort. Both departments have field offices throughout the state and purchase or rent vehicles to conduct field audits and inspections.
- Although there may not be much general fund savings to be had by consolidating these departments, there may be an opportunity to streamline employer reporting and access to services by employees. Combining field offices or co-locating these departments could increase the statewide presence of both these departments.
- Any savings resulting from consolidation may result in lower employer taxes and fees.
- Currently, the WCA supports WSD with a $700 thousand revenue transfer. In addition, WCA receives employer data from WSD to mine for compliance and enforcement efforts.
- Both departments perform investigations and issue rulings. WCA has several hearing officers while WSD has a Human Rights Commission; both have the authority to issue orders, fines, etc.

Options to Consider: As identified in the governor's Committee on Government Efficiency report, the committee did not consider span of control -- the size, efficiency, or the functions of the consolidated department -- instead the report focused on cost savings. The report identified $4.3 million of potential savings; however, the report did not identify whether the savings would be in the form of general fund savings. As evidenced in table 1, only 30 percent of the revenues of the proposed agencies to be consolidated are supported by the general fund.

An alternative restructuring option would include three departments with more concentrated functions, revenues from a common source, and a mission or mandate that support each other.

1. Department of Tourism and Economic Development
    a. Economic Development Division
        i. Trade Bureau (including Border Authority)
        ii. Spaceport Authority Bureau
        iii. Economic Research and Analysis Bureau (Currently at WSD)
    b. Tourism Division
        i. Tourism Development
        ii. State Fair Bureau – (currently administratively attached)
        iii. Intertribal Ceremonial Office - (currently administratively attached)
        iv. New Mexico Magazine

c. Film Division
d. Workforce Training Division (currently part of Workforce Solutions Department and administered by regional boards)

Fiscal Implications:
General fund savings could be substantial -- primarily from eliminated administrative exempt positions (deputy secretaries, ASD directors, etc) and duplicative positions (executive secretaries, HR staff, purchasing, etc). Analysis identified 51 positions that could be eliminated. Exhibit A1 identifies the positions, those that are currently filled or vacant, and whether the position is exempt or classified. Analysis took into account positions that were recently deleted in the General Appropriations Act (GAA) and appropriations with vacancy savings rates applied. Positions without any savings identified are those that can't be filled due to previous budget cuts. The analysis did not however, include the 3.2 percent reduction of general fund appropriations as required by the GAA.

The nonrecurring cost to consolidate these departments would be minimal. Currently, both EDD and Tourism Departments reside in state owned buildings and neither department operates a unique IT system. It is likely that the Border Authority and Spaceport Authority would maintain offices in the southern part of the state and the State Fair would maintain offices in Albuquerque. There may be a need to move the Economic Research and Analysis Bureau and the Workforce Training function from Albuquerque to Santa Fe.

The analysis includes a proposal to eliminate the Office of Science and Technology, Office of Mexican Affairs, and the Sports Authority programs and deploying the nonexempt FTE to positions within the new department.

	Summary of Potential Savings (in thousands)					Detail Provided
	General Fund	Other State	Inter-agency	Federal	Total	
Personal Srvcs and Empl Benefits	$2,558.3	$725.5	$0.0	$0.0	$3,283.8	Exhibit A1
Contractual Services:	$128.6	$0.0	$0.0	$0.0	$128.6	Exhibit A2
Other Costs	$193.9	$0.0	$0.0	$0.0	$193.9	Exhibit A3
TOTAL	**$2,880.8**	**$725.5**	**$0.0**	**$0.0**	**$3,606.3**	

Obstacles to Consider: The analysis does not take into account:
a) Difficulties associated with a decentralized office structure
b) Special bonding authority and Legislative oversight by the New Mexico Finance Authority Oversight Committee.
   i) An additional item that could be considered would be to create another separate agency similar to a Port Authority for a consolidated Border and Spaceport Authority Department.

2. Department of Regulation and Insurance – Consolidate all commercial licensing and regulatory functions into one agency. In New Mexico, a business may be licensed or registered in a variety of agencies creating a less than friendly business environment and duplicative information technology database systems.
    i. Division of Licensure and Registration
    ii. Division of Regulatory Boards and Commissions (including Gaming Control and State Racing)
    iii. Division of Insurance and Financial Institutions
    iv. Consumer Affairs

Fiscal Implications:
By consolidating RLD, Insurance, Gaming Control Board, the State Racing Commission, the Corporations Division of the PRC, the Limited Liability Licensing function at the Secretary of State's Office, and the Division of Insurance, the general fund savings would be moderate. Savings would primarily come from eliminated administrative exempt positions and from information technology system consolidation. However, the greatest benefit would be realized from an improved level of service to the public through standardization and co-location. Positions without any savings identified are those that can't be filled due to previous budget cuts.

The analysis assumes the Program Support function at RLD would remain intact and would be expanded with nonexempt FTE transferred from the other agencies. .

	Potential Savings (in thousands)					Detail Provided
	General Fund	**Other State**	**Inter-agency**	**Federal**	**Total**	
Personal Srvcs and Empl Benefits	$976.9	$0.0	$0.0	$0.0	$976.9	Exhibit B
Contractual Services:	$20.0	$0.0	$0.0	$0.0	$20.0	Exhibit B
Other Costs	$709.5	$0.0	$0.0	$0.0	$709.5	Exhibit B
TOTAL	**$1,706.4**	**$0.0**	**$0.0**	**$0.0**	**$1,706.4**	

Obstacles to Consider:
The PRC was created in 1996 through an amendment to the New Mexico Constitution. As such, it would require an additional amendment to the constitution to move the insurance regulation function from the PRC to another department.

If the Department of Insurance where to be consolidated into a Commerce and Insurance Department, careful consideration regarding the appointment of the Superintendent of Insurance should be made and who would have judicial authority or review over the superintendent's actions.

3. Department of Employee Services (Workforce Solutions and Workers' Compensation Departments)
    a. Division of Unemployment Insurance
    b. Division of Re-employment Services
    c. Division of Workers' Rights
        i. Human Rights
        ii. Prevailing Wage
        iii. Labor and Industrial
    d. Division of Workers' Compensation

Fiscal Implications:

Savings from Employee Services agencies, primarily from eliminated administrative FTE, is more evident in non-general fund revenues. Analysis identified 27 positions may be eliminated. Exhibit B1 identifies the positions, those that are currently filled or vacant and whether the position is exempt or classified. Most of the proposed positions to eliminate are currently filled; however, a few are vacant. Analysis took into account positions that were recently deleted in the General Appropriations Act (GAA) and appropriations with vacancy savings rates applied. Positions without any savings identified are those that can't be filled due to previous budget cuts.

It would be expected that there could be substantial savings associated with combining IT systems; however, it would be difficult to quantify without much more analysis and input from the agencies.

	Potential Savings (in thousands)					Detail Provided
	General Fund	**Other State**	**Inter-agency**	**Federal**	**Total**	
Personal Srvcs and Empl Benefits	$110.4	$720.9	$205.9	$773.1	$1,810.3	Exhibit C1
Contractual Services:	$207.4	$17.8	$0.0	$0.0	$225.2	Exhibit C2
Other Costs	$217.9	$77.5	$0.0	$0.0	$295.4	Exhibit C3a & C3b
TOTAL	**$535.7**	**$816.2**	**$205.9**	**$773.1**	**$2,330.9**	

Implementation Plan:

- The plan would require the Legislature to re-compile certain agency enabling acts and an executive order to develop an organizational structure and programs. It may take 2 years to implement the recommendation.
- Any restructuring would likely require input from businesses, individuals receiving unemployment insurance benefits and workers' compensation.
- A likely champion would be the Legislative Restructuring Taskforce.

Exhibit A1

FTE	Job Title	Salary and Benefits	General Fund	Other State Funds	Int. Svcs/Int-Trfers	Federal Funds
	Economic Development					
15	FTE Deletion Subtotal	**$1,096,935**	**$1,096,935**	**$0**	**$0**	**$0**
	Tourism Department					
11	FTE Deletion Subtotal	**$1,018,710**	**$1,018,710**	**$0**	**$0**	**$0**
	Border Authority					
2	FTE Deletion Subtotal	**$178,581**	**$178,581**	**$0**	**$0**	**$0**
	Spaceport Authority					
3	FTE Deletion Subtotal	**$264,098**	**$264,098**	**$0**	**$0**	**$0**
	State Fair					
20	FTE Deletion Subtotal	**$725,532**	**$0**	**$725,532**	**$0**	**$0**
51	**TOTAL**	**3,283,856**	**2,558,324**	**725,532**	**0**	**0**

Exhibit A2 and A3

Contractual Services Savings

Tourism Department Sports Authority Contracts	$53.4	
Economic Development Department Mexican Affairs	$69.0	
Economic Development Department Science and Technology	$6.2	
Total Contractual Savings	$128.6	(Exhibit A2)

OTHER CATEGORY	Office of Science and Technology	Office of Mexican Affairs	Sports Authority	Total Other Savings	
Instate M & F	$2.0	$2.5	$5.0	$9.5	
Instate M & L	$3.0	$5.5	$5.0	$13.5	
Trans Fuel/Oil	$0.5	$4.0		$4.5	
Trans Parts		$0.1		$0.1	
Trans Pool	$1.5	$4.3		$5.8	
Trans Other		$0.5		$0.5	
Other Maint	$1.9	$1.5	$1.0	$4.4	
Office Supplies	$0.5	$3.0	$1.0	$4.5	
Invent Exempt		$1.5	$0.5	$2.0	
Rep/Recording			$1.0	$1.0	
DoIT ISD Services		$1.5	$0.5	$2.0	
DoIT HRMS Fee	$0.5	$1.0	$0.5	$2.0	
Printing/Photo		$2.0		$2.0	
Postage		$1.5	$0.5	$2.0	
Rent/Bldg/Land		$12.0		$12.0	
Rent Equip		$2.0		$2.0	
DoIT Telecomm	$4.0	$8.8		$12.8	
Subs and Dues	$1.5	$3.0	$1.0	$5.5	
Advertising		$1.0	$55.0	$56.0	
Misc Other Exp			$18.0	$18.0	
O/S M & F	$2.0	$14.0	$3.0	$19.0	
O/S M & L	$1.5	$10.3	$3.0	$14.8	
Total Other Cost Savings	$18.9	$80.0	$95.0	$193.9	(Exhibit A3)

Secretary of State Operations Division

Personal Services and Employee Benefits	
Eliminate 1 FTE	$120.0
Total Personnel Savings	$120.0

Combined Gaming Control Board and Racing Commission transferred to RLD

Personal Services and Employee Benefits	
Three Fulltime Board Members	$413.5
Director of Racing	$132.9
HR Position	$77.3
Admin Supervisor	$86.7
Various Administrative Staff	$146.5
Total Personnel Savings	$856.9

Contractual Services	
Annual Audit (at both agencies)	$20.0
Total Contractual Savings	$20.0

OTHER CATEGORY	
Instate Travel	$10.5
Instate Travel (Exempt)	$3.3
Office Supplies	$6.0
Rent of Existing Buildings	$689.7
Total Other Cost Savings	$709.5

	Personal Svcs	Contractual Svcs	Other Costs	Total
TOTAL SAVINGS	$976.9	$20.0	$709.5	$1,706.4

Exhibit C1

FTE	Position Number	Job Title	Total Salary and Benefits	General Fund	Other State Funds	Int. Svcs/Int-Trfers	Federal Funds
	Workforce Solutions Department						
18	FTE Deletion Subtotal		**$1,111,258**	**$110,431**	**$21,859**	**$205,881**	**$773,087**
	Workers' Compensation Administration						
9	FTE Deletion Subtotal		**$699,035**	**$0**	**$699,036**	**$0**	**$0**
27	**TOTAL**		**1,810,293**	**110,431**	**720,894**	**205,881**	**773,087**

Workforce Solutions Department

CONTRACTUAL SERVICES

	General Fund Revenue
Attorney Fees	$7.4
Audit	$200.0
TOTAL	**$207.4**

Workers' Compensation Administration

CONTRACTUAL SERVICES

	Other State Revenue
Audit	$17.8
TOTAL	$17.8

Total Contractual Svcs Savings

CONTRACTUAL SERVICES

	General Fund Revenue	Other State Revenue	Total Savings
Audit	$207.4	$17.8	$225.2
TOTAL	$207.4	$17.8	$225.2

Exhibit C-3a

Workforce Solutions Department

OTHER CATEGORY

FTE COSTS		FY11 Operating Budget
542100	Instate M & F	29.6
542200	Instate M & L	81.3
542400	Empl Partial Day I	0.0
542500	Trans Fuel/Oil	108.6
542600	Trans Parts	8.0
542700	Trans Insurance	0.0
542800	Trans Pool	324.4
542900	Trans Other	1.0
543200	Furn/Fix/Eqpmt	38.7
543820	IT Maintenance	294.8
543900	Other Maint	3.5
544000	Suppl-Inv Exmpt IT	89.8
544100	Office Supplies	130.4
544400	Field Supplies	3.7
544900	Invent Exempt	21.4
545700	DoIT ISD Services	308.6
545701	DoIT HRMS Fee	117.9
545800	Radio Comm Srvs	0.0
545801	DoIT Radio Comm	0.0
546600	Telecomm	116.1
546601	DoIT Telecomm	1060.4
546700	Subs and Dues	75.9
546800	Empl Trng/Educ	39.3
548200	Furn/Fixtures	15.8
549600	O/S M & F	31.2
549700	O/S M & L	24.8
549800	O/S Board M/F	2.0
549900	O/S Board M/L	0.9
		$2,928.1

Building Costs		FY11 Operating Budget
543100	Grounds and Rdways	1.9
543300	Bldgs/Struct	204.1
543400	Property Insurance	5.2
543500	Maint Supplies	16.6
543700	Maint Srvcs	183.3
546300	Utilities	3.6
546301	Utilities - Sewer	35.3
546302	Utilities - Elect	286.2
546303	Utilities - Water	35.6
546304	Utilities - Ngas	39
546400	Rent/Bldg/Land	531
		$1,341.8

Reduction Based on Percent Reduction of FTE (26 FTE/5.1%)

The Other Cost for Building/Maintenance - $1,341,800 x 5.1%

Based on the 5.1% - the savings would be $68,431

Total FTE in FY11 - 509.5

Other Cost Per FTE - $2,928,100/509.5 = $5,747

Based on the 26 FTE proposed for deletion - the savings would be $149,422

TOTAL SAVINGS IN THE OTHER CATEGORY IS - $217,853

Exhib[illegible]3b

Workers' Compensation Administration

OTHER CATEGORY

FTE COSTS		FY11 Operating Budget
542100	Instate M & F	6.0
542200	Instate M & L	10.1
542400	Empl Partial Day I	0.0
542500	Trans Fuel/Oil	26.4
542600	Trans Parts	1.0
542700	Trans Insurance	0.0
542800	Trans Pool	57.5
542900	Trans Other	0.0
543200	Furn/Fix/Eqpmt	25.2
543400	Property Ins	1.3
543820	IT Maintenance	9.8
543900	Other Maint	0.0
544000	Suppl-Inv Exmpt IT	97.6
544100	Office Supplies	34.1
544400	Field Supplies	0.0
544900	Invent Exempt	6.8
545700	DoIT ISD Services	37.9
545701	DoIT HRMS Fee	30.1
545800	Radio Comm Srvs	0.0
545801	DoIT Radio Comm	0.0
546600	Telecomm	28.3
546601	DoIT Telecomm	192.1
546700	Subs and Dues	45.6
546800	Empl Trng/Educ	47.8
548200	Furn/Fixtures	10.2
549600	O/S M & F	15.6
549700	O/S M & L	16.6
549800	O/S Board M/F	0.0
549900	O/S Board M/L	0.0
		$700.0

Building Costs		FY11 Operating Budget
543100	Grounds and Rdways	10
543300	Bldgs/Struct	50.9
543400	Property Insurance	1.3
543500	Maint Supplies	9.8
543700	Maint Srvcs	59.5
546300	Utilities	0
546301	Utilities - Sewer	6.1
546302	Utilities - Elect	69
546303	Utilities - Water	14.9
546304	Utilities - Ngas	14.6
546400	Rent/Bldg/Land	183.8
		$419.9

Reduction Based on Percent Reduction of FTE (9 FTE/6.9%)

The Other Cost for Building/Maintenance - $419,900 x 6.9%

Based on the 6.9% - the savings would be $28,973

Total FTE in FY11 - 130
Other Cost Per FTE - $700,000/130 = $5,384
Based on the 9 FTE proposed for deletion - the savings would be $48,456.

TOTAL SAVINGS IN THE OTHER CATEGORY IS - $77,429

D

Core Services Category: Agriculture, Energy, and natural Resources
Health, Hospitals and Human Services

Study Area: Consolidation

High Level Recommendation: Consolidate programs from the Energy Minerals and Natural Resources Department with the Department of Environment.

Problem Statement: Both agencies deal with environmental related issues and a consolidation investigation could reveal efficiencies that will result in general fund savings and a streamlined oversight function.

Background and Findings: The statutory authority for each agency follows:

- The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, ground- and surface-water quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.
- The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

The following is the mission for each as stated by the agencies:

- The Department of Environment (NMED) preserves and protects surface and groundwater, air quality, and land in New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.
- The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

The mission statements note a primary concern of both agencies is the protection and preservation of the environment.

The following list the programs and programs' purpose statement for each agency:

Department of Environment has four programs not including program support. All have protection of the environment responsibilities with Environmental Health also encompassing commercial establishment such as restaurants and swimming pools. The overall responsibilities are far reaching from protecting the air quality as well as water quality, issuing permits for septic tanks, etc.

- Environmental Health- The purpose of the environmental health program is to protect public health and the environment through specific programs that provide regulatory oversight over food service and food processing facilities, regulation of on-site treatment and disposal of liquid wastes, regulation of public swimming pools and baths, regulation of medical radiation and radiological technologist certification, application of the mosquito abatement regulation, oversight of waste isolation pilot plant transportation and education and public outreach about radon in homes and public buildings.

- Water Quality- The purpose of the water quality program is to protect the quality of New Mexico's ground- and surface-water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife and to ensure that hazardous waste generation, storage, treatment and disposal are conducted in a manner protective of public health and environmental quality.

- Environmental Protection- The purpose of the environmental protection program is to prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources, ensure New Mexicans breathe healthy air and ensure every employee safe and healthful working conditions.

- Water and Wastewater Infrastructure Development- The purpose of the water and wastewater infrastructure development program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan and recommendations for efficient and effective use of water and wastewater loan funds, and to ensure compliance with the Safe Drinking Water Act.

The Energy, Minerals and Natural Resources Department has five programs not including program support. All also have protection of the environment responsibilities but generally are involved with working closely with industry such as fossil fuel producers and mining interests. The state parks program is obviously involved with environmental issues but also has components of recreation and customer service.

- Renewable Energy and Energy Efficiency- The purpose of the renewable energy and energy efficiency program is to develop and implement clean energy programs in order to decrease per capita energy consumption, use New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

- Healthy Forests- The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban-interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

- State Parks- The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

- Mine Reclamation- The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

- Oil and Gas Conservation- The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional, dynamic regulation.

With so many common interests related to environment and natural resources it is anticipated some efficiencies and resultant fiscal savings may be generated by combining the agencies. However, without detailed analysis of the technical functions performed by the programs in each agency the depth of function overlap is uncertain and therefore any savings from consolidation is equally uncertain. Until a complete position by position technical analysis is available the only savings appear to be administrative in nature as the programs will need to remain intact to ensure the purposes are addressed.

Options to Consider: One variation on the combination of the Department of Environment and Energy Minerals and Natural Resources is to combine Game and Fish with the State Parks Division. These two pieces on the surface appear very compatible; however, it is doubtful there would be savings from the general fund. Since Game and Fish does not have an appropriation from the general fund and use of its resources are all earmarked for improvements of wildlife and fish habitats, promoting hunting and fishing, etc., there could not be comingling of funds and duties thereby not creating efficiencies that would reduce need from the general fund. In fact, if this proved to be true the opposite might occur as State Parks may require more general fund to properly support administration that is now allocated across all of Energy Minerals and Natural Resources.

Fiscal Implications: The following table shows the appropriations for the two agencies from FY08 thru FY11 (dollars in thousands):

	FY11		**FY10**		**FY09**		**FY08**	
	Environ	EMNRD	Environ	EMNRD	Environ	EMNRD	Environ	EMNRD
GF	14,723.8	22,417.4	15,998.7	24,850.8	16,159.0	26,054.7	16,354.0	25,923.5
OST	40,580.9	17,817.7	42,417.1	22,523.0	40,566.9	16,518.1	38,237.5	16,602.1
Transfers	33,591.7	3,466.6	29,556.6	2,962.3	30,275.3	3,402.5	25,551.9	2,949.3
Federal	20,143.9	28,014.5	23,376.6	27,918.2	18,384.1	18,831.6	24,342.2	24,349.9
Total	109,040.3	71,716.2	111,403.0	78,254.3	105,385.3	64,806.9	104,535.6	69,824.8

FTE	685	511	720.5	535	720.5	518.5	694.5	524

The change in the general fund appropriation from FY08 to FY11 for the Department of Environment is -$1.631 million, 10 percent. During the same period the Energy Minerals and Natural Resources Department experienced a reduction of $3.5 million, -13.5 percent.

However, the Department of Finance and Administration in conjunction with Legislative Finance Committee staff identified 7 administrative FTE that could be eliminated in a consolidation. The following table specifies the positions and potential savings.

Position	**Program**	**Hourly Rate**	**Total GF Savings**
Cabinet Secretary	Program Support	49.47	128,503
Exec	Program Support	46.35	120,399
Exec Sec & Adm Asst-	Program Support	25.071	65,124
PR Coord-A	Program Support	27.058	70,286
Deputy Cabinet Secretary	Program Support	47.60	123,646
Gen I	Program Support	33.978	88,261
Gen I	Program Support	41.827	108,650
Total			704,868

Other savings may accrue from merging the other divisions at a later date but as noted previously this determination is not currently available without detailed analysis of potential technical job overlap.

Implementation Plan: The plan can be implemented by statutory changes merging the agencies. Key stakeholders include the individual program missions and the customers served. Ultimately improved customer service would determine the success of such consolidation. Initial savings appear minimal and the total cost could actually increase as larger does not always translate into more efficient in the absence of active management committed to the outcome. There are not identified champions at this point.

Core Services Category: General Government – General Services Reorganization

Study Area: General Services Department – Consolidation/Privatization

High Level Recommendation: Repeal statute establishing General Services Department (GSD) and transfer several limited but necessary functions to the Department of Finance and Administration (DFA).

Problem Statement: The FY11 General Fund appropriation to GSD totaled $14.6 million with total appropriations of $469 million. GSD has been unable to reconcile their finances, revert general fund monies, correct audit findings, track procurement violations, and develop risk and employee group health benefit rates in a timely manner to be included in DFA's budget instructions. Some GSD units that should be self-supporting are operating at a deficit.

Background and Findings: GSD was established by statute in 1983 to make state government more efficient and responsive through consolidating certain state government service functions; and to establish a single, unified department to administer laws relating to services for governmental entities; and to perform other duties as provided by law. Currently, GSD consists of the following statutory divisions: administrative services division, building services division, property control division, purchasing division, risk management division and the transportation services division. Additionally, GSD operates a Printing and Graphics Services Bureau that is not created in the agency's enabling statute. Laws of 2007, Chapter 290 created a new cabinet-level department by transferring GSD's communications and information systems divisions to the Department of Information Technology. Issues related to individual divisions are presented below:

Purchasing Division. Currently, the GSD Purchasing Division is responsible for procurement of goods and nonprofessional contractual services, whereas the DFA Contracts Review Bureau is responsible for procurement of professional services. In 2008, the LFC conducted a program evaluation of GSD's Purchasing Division. The study found that nine out of ten nearby or similarly-sized states[1] place procurement functions in their departments of finance and administration. The first recommendation of that study was: "The Legislature should evaluate the potential improved efficiency by transferring the state purchasing division function to the DFA or consolidating it with DFA's Contracts Review Bureau which manages the professional services contracts for the state."

Risk Management. GSD's Risk Management Division administers self-insurance for employee group health benefits, workers compensation, public liability, surety bonds, public property, and unemployment compensation. In 2006, the LFC conducted an evaluation of the Risk Management Division, revealing a number of deficiencies. It is not clear if significant progress has been made to resolve the issues identified by the evaluation.

---

[1] States that place procurement in their finance and administration agencies: Idaho, Nevada, Wyoming, Utah, Arizona, Colorado, Kansas, Nebraska, Arkansas. Only Oklahoma operated a General Services Department similar to New Mexico's approach.

State Printing Bureau (SPB). SPB currently provides a wide range of printing and graphic design services, such as business cards, brochures, xerographic services, binding, folding, foil stamping and others. SPB tries to beat market prices by at least five percent. However, as of June 2010, SPB reported a negative cash balance in excess of $200 thousand. The overdrawn account may have been in violation of state law if it is determined that sufficient accounts receivable balances do not exist to support payments from the State Printing Fund. GSD indicates: *State budget reductions across state government have had a collateral impact on the State Printing Bureau. Agencies have significantly reduced their orders for printing services and products, with a consequent decrease in enterprise revenues for the State Printing Bureau.* In response to this dilemma, GSD submitted a budget adjustment request seeking to increase the use of non-existent fund balances. The BAR was rejected by DFA.

Transportation Services Division (TSD). TSD provides vehicle leasing and aviation services as well as defensive driving training. The standard monthly lease rate in New Mexico including overhead, maintenance and vehicle replacement costs $352.00 - $461.00 depending on the size and type of vehicle. Daily lease rates cost $11.00 - $21.00. The privatization or semi-privatization of motor transportation services has proven effective in reducing transportation costs in Minnesota, Massachusetts, Georgia and Missouri. The major benefits associated with pursuing a privatization strategy would be transferring the costly job of procuring and maintaining a motor pool to companies who are in the business of providing this service. It is not clear if savings would be generated by privatizing state vehicle leasing in New Mexico. Published motor pool lease rates in Georgia and Massachusetts are 91 – 134% higher than New Mexico motor pool rates. With the existing rate structure, TSD maintains a positive cash balance in the State Transportation Pool fund.

However, the fixed costs associated with maintaining an aviation program continues to exceed the revenue generated to provide this service while the number of hours flown continues to decline from a high of over 600 hours flown in FY07 to less than 300 hours flown in FY10.

Property Control Division (PCD). PCD is responsible for design, construction, and management of State-owned and leased facilities.

Building Services Division (BSD). BSD provides services to agencies in state executive owned buildings within the City of Santa Fe. Services include building maintenance, custodial, landscape care, safety/security and utility management. The Building Services Division operates and maintains over 1.5 million square feet of building space.

Options to Consider:

1. Transfer the Purchasing Division to the Department of Finance and Administration.
2. Privatize State Printing Services Bureau
3. Transfer State Printing Services Program to Department of Finance and Administration or Department of Information Technology
4. Privatize Transportation Services Division – auto, aviation and surplus property
5. Transfer the Transportation Services Division to a different agency such as Department of Transportation Fleet Management Bureau or Department of Finance and Administration.

6. Privatize the Building Services Division
7. Transfer Building Services Division to Department of Finance and Administration
8. Transfer the Property Control Division to the Department of Finance and Administration.
9. Transfer Risk Management Division to the Department of Finance and Administration
10. Transfer Risk Management Division to a new Employee Benefit Agency, merged with the Public School Insurance Authority, Albuquerque Public Schools health benefits, and Retiree Health Care Authority.

Fiscal Implications: With the exception of the Purchasing Division and Building Services Division which are supported directly by general fund, the bulk of GSD's revenues are generated through the services it provides to other agencies and government organizations. Therefore, GSD is required to charge an overhead component related to the cost of administration at the division level as well as program support. Eliminating program support would reduce the amount of administrative overhead charged in each of the rates GSD sets for its enterprise activities.

Option 1: The proposal would transfer the procurement services program to the Department of Finance and Administration to be merged with the contract review bureau. The merger is unlikely to yield general fund savings from consolidation of executive positions. The State Procurement Officer would continue to be needed to oversee general procurement. The contracts manager (an attorney) would continue to be needed to oversee review of professional services contracts. By consolidating the two purchasing functions, however, the state would improve efficiency in processing procurements in instances when a single contract includes both professional services and other contractual services or goods.

Option 2: Privatizing the SPB would eliminate 18 FTE and about $1.9 million in printing revenues to the bureau. Further research would be required to determine how private sector rates compare to SPB rates. It should be noted, however, that privatization would assure elimination of negative cash balances at SPB.

Option 3: Transferring SPB to another agency would not address operational or financial problems in the bureau; however, this would facilitate elimination of GSD as a state agency. If SPB were transferred to the Department of Information Technology, that agency has technical expertise to create efficiencies within the program including graphics and print job management.

Option 4: The proposal would privatize the majority or the entire transportation services program which would eliminate up to 38 FTE and some portion of the $13.7 million in program costs. Several states report significant savings related to the privatization of transportation services. In New Mexico, the best prospect of savings would be in elimination or privatization of aviation services.

Option 5: Transferring TSD to another agency would not likely yield significant savings but could be a component in a broader proposal to eliminate GSD as an agency.

Option 6: Additional research would be required to estimate the budgetary effect of privatization of BSD.

Option 7: Transferring BSD to another agency would not likely yield significant savings but could be a component in a broader proposal to eliminate GSD as an agency.

Option 8: Transferring PCD to another agency would not likely yield significant savings but could be a component in a broader proposal to eliminate GSD as an agency.

Option 9: Transferring RMD to another agency would not likely yield significant savings but could be a component in a broader proposal to eliminate GSD as an agency.

Option 10: Combining employee health benefits insurance from RMD with other public health insurance entities could generate savings through bulk procurement. This is the topic of a different issue paper.

Implementation Plan: Elimination, consolidation or reorganization of GSD would require repeal of Article 17, Sections 9-17-1 through 9-17-8.

There are several key stakeholders including the individuals whose positions would be subject to elimination under the proposals mentioned above. However, there may be opportunities for private industry hire the individuals who might be affected.

F

Core Services Category: Judicial System

Study Area: Elimination and Consolidation

High Level Recommendation:

- Close/consolidate seven magistrate courts.

Problem Statement:

Magistrate lease costs have been rising exponentially in the last 5 years. By closing and consolidating magistrate courts in Bayard and Eunice and magistrate circuit courts in Estancia, Jal, Pojoaque, Tatum and Questa, the State will be able to reduce magistrate facility expenditures and focus resources on the most burdened courts.

Background and Findings:

- Magistrate courts are established by NMSA 1978, Sec. 35-1-5 through 35-1-35.
- Numerous magistrate courts resulted from the relatively large size of most of New Mexico's counties, the lack of a good road system and the remote nature of many of the counties communities, with transportation being a determining factor in the establishment of more than a single magistrate court per county.
- Magistrate courts are funded through the General Fund. The improvement of the state's road system negates one of the prime reasons for establishing additional magistrate courts.
- The cost of continuing these courts may not be justified when balanced against the number of cases filed in each court (Figure A).
- The Magistrate Court in Roy was not recommended for closure because New Mexico Statute requires a court in each county.
- The 5th Judicial District has a total of eight magistrate courts. One is located in Roswell, Chaves County, two in rural Eddy County in Artesia and Carlsbad, and four in Lea County – Lovington, Hobbs, Eunice and Tatum. An eighth court in Jal is considered a magistrate circuit court and is recommended for closure/consolidation with the magistrate court in Hobbs.
- The annual facility savings for FY 12 will be $150 thousand (Figure B).
- For FY 11, the recurring position cost for a magistrate judgeship is $168 thousand.
- In 2009 the Legislature reduced magistrate facility expenditures by eliminating magistrate circuit courts in Cimarron, Vaughn, and San Jon. The magistrate court in Thoreau was also eliminated and the judgeship moved to Gallup.
- Magistrate leases have been increased over 6 percent since 2007. The lack of available space suited to house a secure and accessible courtroom has prevented the Administrative Office of the Court from successfully renegotiating expensive leases.
- In FY11 the Legislature appropriated an additional $350 thousand to assist with rising lease costs.

- The option of using probate judges as magistrate judges was also reviewed. Probate Judges are elected at each general election and no legal training or skill is required as a prerequisite to hold the office of Probate Judge. It may not be fiscally feasible or responsible at this time to assign probate judges as magistrate judges.
- The option to make magistrate districts co-extensive with judicial district is not recommended. Current statute establishes magistrate courts in each county. Combining districts and magistrate would leave several counties without any kind of judgeship. Furthermore, most district courts would not have the space needed to house additional magistrate judgeships. Additional funding would be required to enhance current infrastructures.
- The creation of circuit courts is not recommended at this time. The minimal savings gained from the creation of circuit courts would be negated by the increase in travel expenses. Savings would result from the elimination of small judgeships. However, buildings in each county would continue to be staffed and maintained resulting in little to no costs savings.

2009 Caseload Actuals (Figure A)

Location	Caseload	Location	Caseload
Tatum	964	Lordsburg	79,327
Pojoaque	2,973	Ruidoso	82,921
Roy	4,351	Portales	83,039
Hatch	5,065	Anthony	86,746
Estancia	5,336	Taos	86,869
Jal	6,248	Tucumcari	88,681
Quemado	6,285	Silver City	99,650
Eunice	8,539	Hobbs	112,009
Reserve	8,866	Socorro	120,616
Questa	9,143	Grants	126,287
Fort Sumner	9,667	Deming	133,682
Los Alamos	18,488	Carlsbad	135,454
Clayton	20,106	Espanola	153,402
Chama	22,276	Belen	155,477
Mora	24,545	Los Lunas	160,520
Springer	27,246	Las Vegas	166,522
Carrizozo	33,917	Alamogordo	199,200
Bayard	41,064	Roswell	224,827
Raton	42,002	Clovis	225,496
Cuba	43,402	Bernalillo	226,746
Santa Rosa	59,576	Farmington	262,355
Moriarty	62,774	Aztec	307,501
Artesia	66,831	Gallup	329,450
Lovington	66,898	Santa Fe	344,268
T or C	71,204	Las Cruces	614,649

Options to Consider:

- FTE and lease cost can be reduced by consolidating courts with the lowest caseloads.
- The state could well see reasonable saving by closing the Eunice and Jal sites and designating Lovington and Hobbs as the only two courts.
- The Task Force could close the seven magistrate courts identified in the High Level Recommendation above. In many cases employees of closed magistrate courts could be absorbed by the consolidation into a single magistrate court per county. It should be noted that some employees would have to be willing to relocate to accomplish this type of consolidation.
- There does not appear to be a realistic justification for maintaining the recommended magistrate courts either by virtue of the size of the judicial district or by population base.

Fiscal Implications:

Savings Estimate (Figure B)

County	City	Projected Lease Savings	Projected PS&B Savings
Grant	Bayard	$50.4	$168.0
Lea	Eunice	$15.9	$0.0
Lea	Tatum	$0.0	$0.0
Lea CC	Jal	$5.1	$130.0
Santa Fe CC	Pojoaque	$17.7	$190.0
Taos CC	Questa	$14.7	$170.0
Torrance CC	Estancia	$46.3	$200.0
		$150.1	**$858.0**
Total Savings			**$1,008.1**

- The State may save $1 million by consolidating the courts.
- The administrative and monetary costs of consolidation would still need to be refined.
- In a number of counties, expanding the primary magistrate court facilities will be necessary. Priorities for expansion should be recommended by the AOC.

Implementation Plan:

- To consolidate and eliminate magistrate judgeships will require changes to statute in the 2011 legislative session.

- Key stakeholders are the residents of Bayard, Estancia, Eunice, Hatch, Jal, Pojoaque, and Tatum; judges, magistrate staff, public defenders, law enforcement, county correction officials, and district attorneys.